

Medium-term Management Plan 2024-2026

Investments for future breakthroughs

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MEISEI INDUSTRIAL CO., LTD.
TSE Prime 1976

Medium-term Management Plan 2024-2026

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1. Overview of Medium-term Management Plan 2021-2023

Sales and earnings exceeded the targets despite a challenging business climate

Slogan

Challenge for a new stage

Key Measures

- Establish a profit structure that supports growth
- Increase ability to adapt to a changing business climate
- Implement a strategy for sustained growth
- Reform business processes by utilizing digital technologies
- A stronger corporate infrastructure and corporate culture

Results and Review

- Improved construction business performance in the biomass power generation and other sectors; steady performance in the boiler business
- Continued to upgrade technology and construction skills to help achieve a carbon-free society
- Continued measures to add new business domains following the addition of the thermal insulation business
- Continued the digital transformation of construction, sales and administrative operations
- Continued increasing the overall power of the Meisei Group as the foundation for sustainability management

2021-2023 Targets

(Millions of yen)

	FY3/22	FY3/23	FY3/24
Orders received	52,000	53,000	57,000
Net sales	52,000	53,000	55,000
Operating profit	5,500	6,000	6,600

2021-2023 Results

(Millions of yen)

	FY3/22	FY3/23	FY3/24
Orders received	53,921	60,209	57,955
Net sales	48,389	55,890	60,377
Operating profit	5,339	6,830	8,061

2. Medium-term Management Plan 2024-2026

2-1 Business Climate



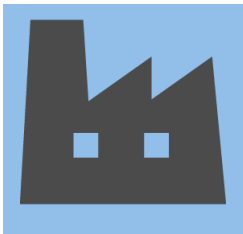
Society/Economy

- Decrease in working population in Japan
- Increasing need for measures for sustainability
- Increasing social awareness of decarbonization
- Increase in prices of materials and resources



Environment/Energy

- Climate change and increasing frequency and severity of natural disasters
- More use of renewable energy
- Increase in activities for raising the use of next-generation energy



Business domains of the Meisei Group

- Gradual decline in investments in fossil fuel equipment
- Demand for fossil fuel as a transitional energy source will continue for a while
- Expectations for long-term growth of investments involving decarbonization
- Investments will continue for the time being in facilities to meet the increasing demand for electricity
- Demand for updating social infrastructure will continue



Requirements of capital markets

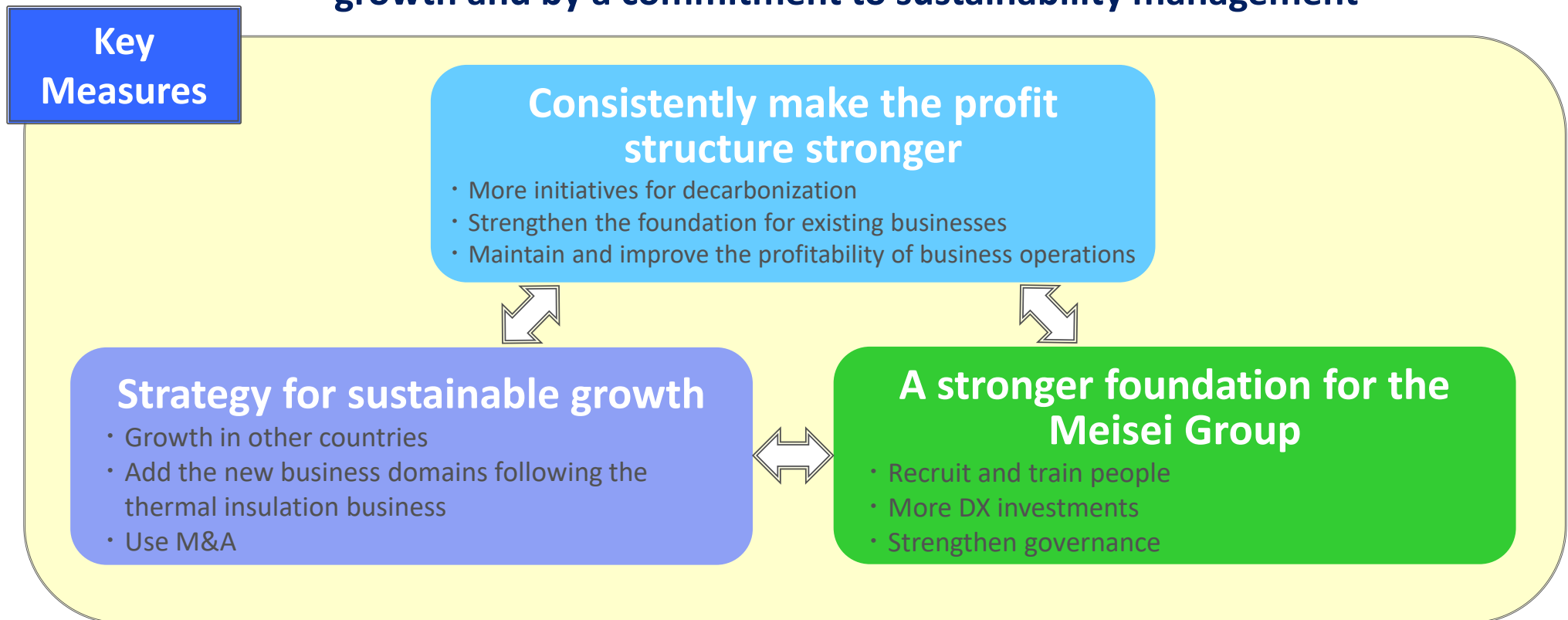
- Focus on “management that is conscious of cost of capital and stock price”
- Focus on corporate governance
- Information disclosure for shareholders and investors in a timely and appropriate manner

2. Medium-term Management Plan 2024-2026

2-2 Basic Policy and Key Measures

Basic Policy Investments for rapid progress in the future

Growth of corporate value backed by an even stronger business infrastructure due to reinforcement and change at current businesses and implementing strategies for sustained growth and by a commitment to sustainability management



2. Medium-term Management Plan 2024-2026

2-3 Numerical Management Targets

(Millions of yen)

	FY3/24 Results	FY3/25 Targets	FY3/27 Targets
Net sales	60,377	58,000	61,000
Operating profit	8,061	7,200	8,400
Ordinary profit	8,548	7,450	8,700
Profit attributable to owners of parent	6,243	5,200	6,250
Orders received	57,955	60,000	61,000
ROE	10.2%	At least 8.0%	At least 10.0%

2. Medium-term Management Plan 2024-2026

2-3 Numerical Management Targets by Segment

(Millions of yen)

Construction Business	FY3/24 Results	FY3/25	FY3/27	Key strategies
Orders received	52,015	52,750	53,500	<ul style="list-style-type: none"> • Meet the demand for transitional energy in every way possible • Focus on investments for next-generation energy and decarbonization • Reinforcement and change for a more powerful framework for the construction business
Net sales	53,449	51,000	53,500	
Operating profit	7,622	6,800	7,950	

(Millions of yen)

Boiler Business	FY3/24 Results	FY3/25	FY3/27	Key strategies
Orders received	5,939	7,250	7,500	<ul style="list-style-type: none"> • Start operations at the new factory as planned • Focus on locally produced and used biomass and on industrial boilers • R&D programs for boilers that do not use fossil fuel
Net sales	6,927	7,000	7,500	
Operating profit	429	400	450	

2. Medium-term Management Plan 2024-2026

2-4 Investment Plan

Major Investments during Medium-term Management Plan 2024-2026

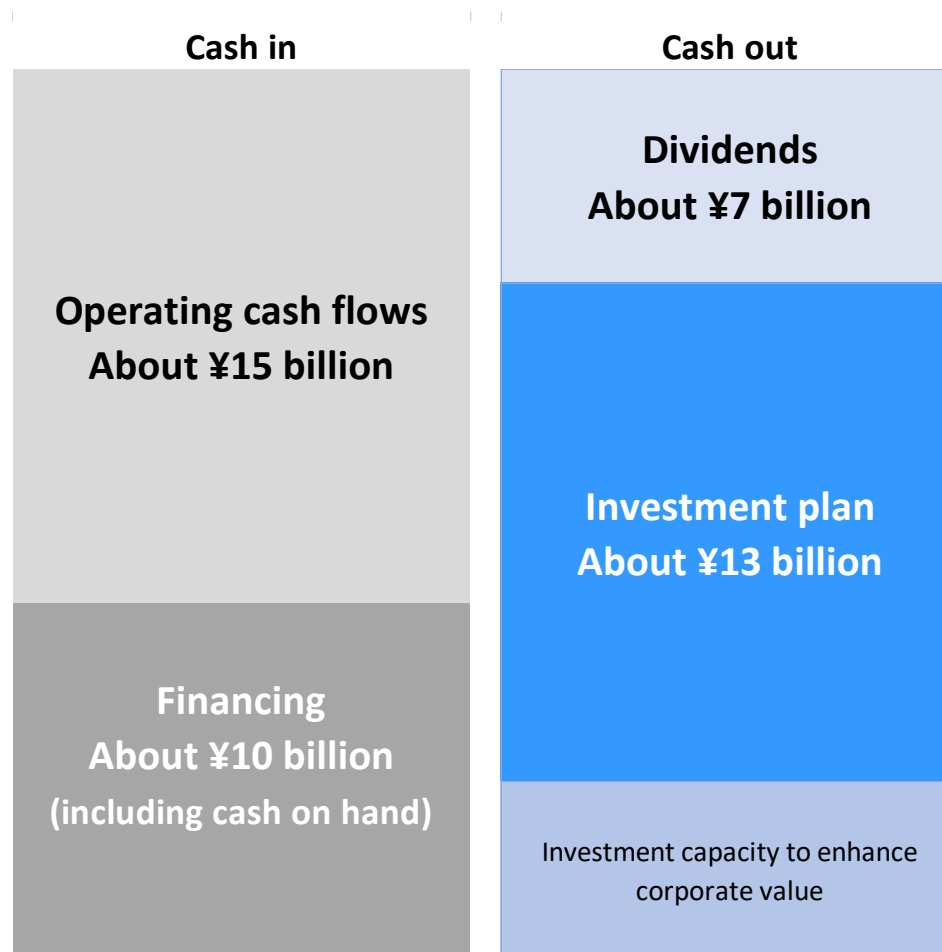
Research & Development	Technologies for next-generation energy, alternate raw materials and other activities	¥3.5 billion
Investments for growth/ Stronger foundation	Construction of new boiler business facility ¥2.5 billion Equipment to increase production capacity ¥0.5 billion DX investment (core system updates, etc.) ¥2.0 billion M&A, etc. ¥3.0 billion	¥8.0 billion
Maintenance/ Upgrades	Maintenance and upgrade of current facilities/ offices	¥1.5 billion

Total investments for 3 years: ¥13 billion

2. Medium-term Management Plan 2024-2026

2-4 Investment Plan

Allocation of capital during Medium-term Management Plan 2024-2026



2. Medium-term Management Plan 2024-2026

2-5 ESG (Non-financial) Goals

Strengthen activities to solve management issues concerning sustainability

Environment	<p>Monitor and reduce CO2 emissions from business operations</p> <p>Activities to achieve carbon neutrality</p> <p>Develop technologies that protect the environment and make manufacturing equipment carbon-free</p>
Social	<p>Activities for safety and quality</p> <p>Maintain a diverse workforce for the consistent growth of business operations</p> <p>Diversity & inclusion, working style reforms, health programs for employees, higher pct. of female managers, and other activities</p>
Governance	<p>Strengthen corporate governance</p> <p>Make everyone more aware of the importance of compliance</p>

2. Medium-term Management Plan 2024-2026

2-6 Earnings Distributions

The basic policy for profit distribution during the Medium-term Management Plan 2024-2026

Dividend payout ratio of about 30% to 40% (but not less than ¥20 irrespective of the payout ratio)
Flexibly implement share buybacks and other actions, while taking capital efficiency and other factors into consideration

FY3/22 – FY3/24 Dividends / FY3/25 Forecasts				
	FY3/22	FY3/23	FY3/24	FY3/25
Dividend per share (Yen)	30	36	55*	41
Payout ratio (%)	40.2	38.3	43.6	38.5
DOE (Dividend on equity) (%)	2.8	3.1	4.4	About 3.0
Stock repurchased (Billions of yen)	1.1	-	1.2	Not announced
Total payout ratio (%)	67.7	38.5	62.5	Not announced
Cancellation of treasury shares (Million shares)	3	-	-	Not announced

* FY3/24 dividend includes a commemorative dividend of ¥7 for Meisei's 80th anniversary; Payout ratio excluding the commemorative dividend is 38.1%.



明星工業株式會社

Plans and other forward-looking statements contained in these materials are based on judgements and assumptions made using information currently available to the Company. The Company does not promise or guarantee the performance of the Group in the future.

Actual business and other results may differ from the forecasts due to various risk factors and uncertainties.

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